

House Study Bill 714 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL BY
CHAIRPERSON BLOOMINGDALE)

A BILL FOR

1 An Act relating to county and city finances by amending
2 provisions relating to the issuance of bonds and authorizing
3 counties to establish and levy for a capital improvement
4 reserve fund.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 331.430A Capital improvements
2 reserve fund.

3 1. A county may establish a capital improvements reserve
4 fund, and may certify taxes not to exceed sixty-seven and
5 one-half cents per thousand dollars of taxable value each year
6 to be levied for the fund for the purpose of accumulating
7 moneys for the financing of specified capital improvements, or
8 carrying out a specific capital improvement plan.

9 2. The question of the establishment of a capital
10 improvements reserve fund, the time period during which a levy
11 will be made for the fund, and the tax rate to be levied for the
12 fund is subject to approval by the voters, and may be submitted
13 at any general election upon the board's motion, or shall be
14 submitted at the next general election upon receipt of a valid
15 petition as provided in section 331.306.

16 3. If a continuing capital improvements levy is established
17 by election, such levy may be terminated in the same manner,
18 upon the board's motion or upon petition. Balances in a
19 capital improvements reserve fund are not unencumbered or
20 unappropriated funds for the purpose of reducing tax levies.
21 Transfers may be made between the capital improvements reserve
22 fund, construction funds, and the general fund, as provided in
23 rules promulgated by the committee.

24 Sec. 2. Section 331.442, subsection 2, paragraph a, Code
25 2022, is amended to read as follows:

26 a. The board shall publish notice of the proposal to issue
27 the bonds, including a statement of the amount and purpose of
28 the bonds ~~and a statement of the estimated cost of the project~~
29 ~~for which the bonds are to be issued.~~ The notice shall be
30 published as provided in [section 331.305](#) with the minutes of
31 the meeting at which the board adopts a resolution to call a
32 county special election to vote upon the question of issuing
33 the bonds. ~~The cost of the project, as published in the notice~~
34 ~~pursuant to this paragraph, is an estimate and is not intended~~
35 ~~to be binding on the board in later proceedings related to the~~

1 ~~project.~~

2 Sec. 3. Section 331.442, subsection 5, paragraph a,
3 subparagraphs (1), (2), and (3), Code 2022, are amended to read
4 as follows:

5 (1) In counties having a population of twenty thousand or
6 less, in an amount of not more than ~~one~~ four hundred thousand
7 dollars.

8 (2) In counties having a population of over twenty thousand
9 and not over fifty thousand, in an amount of not more than ~~two~~
10 seven hundred thousand dollars.

11 (3) In counties having a population of over fifty thousand,
12 in an amount of not more than ~~three hundred thousand one~~
13 million dollars.

14 Sec. 4. Section 331.443, subsection 3, paragraph a, Code
15 2022, is amended to read as follows:

16 a. Notwithstanding [subsection 2](#), a board may institute
17 proceedings for the issuance of bonds for an essential county
18 purpose specified in [section 331.441, subsection 2](#), paragraph
19 "b", subparagraph (18) or (19), in an amount equal to or
20 greater than ~~three~~ five million dollars by causing a notice
21 of the proposal to issue the bonds, including a statement of
22 the amount and purpose of the bonds, together with the maximum
23 rate of interest which the bonds are to bear, and the right
24 to petition for an election, to be published at least once in
25 a newspaper of general circulation within the county at least
26 ten days prior to the meeting at which it is proposed to take
27 action for the issuance of the bonds.

28 Sec. 5. Section 384.25, subsection 3, paragraph a, Code
29 2022, is amended to read as follows:

30 a. Notwithstanding [subsection 2](#), a council may institute
31 proceedings for the issuance of bonds for an essential
32 corporate purpose specified in [section 384.24, subsection 3](#),
33 paragraph "w" or "x", in an amount equal to or greater than
34 ~~three~~ five million dollars by causing a notice of the proposal
35 to issue the bonds, including a statement of the amount

1 and purpose of the bonds, together with the maximum rate of
2 interest which the bonds are to bear, and the right to petition
3 for an election, to be published at least once in a newspaper
4 of general circulation within the city at least ten days prior
5 to the meeting at which it is proposed to take action for the
6 issuance of the bonds.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill relates to county and city finances by amending
11 provisions relating to the issuance of bonds and authorizing
12 counties to establish and levy for a capital improvement
13 reserve fund.

14 The bill authorizes a county to establish a capital
15 improvements reserve fund, and may certify taxes not to exceed
16 67.5 cents per \$1,000 of taxable value each year to be levied
17 for the fund for the purpose of accumulating moneys for the
18 financing of specified capital improvements, or carrying out a
19 specific capital improvement plan. The authorization of the
20 fund and levy are similar to those authorized for cities under
21 Code section 384.7. The question of the establishment of a
22 capital improvements reserve fund, the time period during which
23 a levy will be made for the fund, and the tax rate to be levied
24 for the fund is subject to approval by the voters, and may be
25 submitted at any general election upon the board's motion, or
26 shall be submitted at the next general election upon receipt of
27 a valid petition. Termination of the levy is done in the same
28 manner as the authorization.

29 When a county proposes to issue general county purpose
30 bonds, Code section 331.442(2) requires the board of
31 supervisors to publish a notice of the proposal to issue
32 the bonds, including a statement of the amount and purpose
33 of the bonds and a statement of the estimated cost of the
34 project for which the bonds are to be issued. The bill strikes
35 the requirement that the notice include a statement of the

1 estimated cost of the project for which the bonds are to be
2 issued.

3 If a county proposes to carry out a general county purpose
4 using funds from the issuance of general obligation bonds,
5 generally the issuance of such bonds must first be approved by
6 the registered voters of the county. Current law establishes
7 an exception by providing that a county, in lieu of calling
8 an election, may institute proceedings for the issuance of
9 bonds for a general county purpose by notice and publication
10 of the proposal to issue the bonds that includes a notice of
11 the right to petition for an election, subject to the following
12 bond amount and county population limitations: (1) in counties
13 having a population of 20,000 or less, in an amount of not
14 more than \$100,000; (2) in counties having a population of
15 over 20,000 and not over 50,000, in an amount of not more than
16 \$200,000; and (3) in counties having a population of over
17 50,000, in an amount of not more than \$300,000. However, if
18 at any time before the date fixed for taking action for the
19 issuance of the bonds, a valid petition is filed with the
20 county auditor asking that the question of issuing the bonds
21 be submitted to the registered voters of the county, the board
22 of supervisors shall either by resolution declare the proposal
23 to issue the bonds to have been abandoned or shall direct the
24 county commissioner of elections to call a special election
25 upon the question of issuing the bonds.

26 The bill increases the bond amount limitations for each of
27 the county population categories to the following amounts: (1)
28 in counties having a population of 20,000 or less, in an amount
29 of not more than \$400,000; (2) in counties having a population
30 of over 20,000 and not over 50,000, in an amount of not more
31 than \$700,000; and (3) in counties having a population of over
32 50,000, in an amount of not more than \$1 million.

33 The bill amends the provisions governing the issuance of
34 essential county purpose bonds and essential corporate purpose
35 bonds for purposes relating to the remediation, restoration,

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1 repair, cleanup, replacement, and improvement of property,
2 buildings, equipment, and public facilities that have been
3 damaged by a disaster and that are located in a specified
4 disaster area. The bill increases the minimum threshold amount
5 of bonds for such purposes from \$3 million to \$5 million.